

CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
TASK FORCE ON THE POLITICAL REFORM ACT
MINUTES OF MEETING
November 17, 2010

Chuck Bell opened the meeting by welcoming everyone in attendance. Chuck Bell stated that Bob Stern was on the telephone in Los Angeles and listed the members present from Los Angeles. They were Rich Schlackman, Joe Rodota, John Marelius, and LeeAnn Pelham. Members present at the FPPC were Trish Mayer, Janis Hirohama, Dixie Howard, Hyla Wagner, Scott Hallabrin, Gary Winuk, Luisa Menchaca, Tina Bass, Emelyn Rodriguez, and Jaime Saenz, and Galena West, Fred Keeley, and Michael Martello. Chuck Bell introduced Dan Schnur, Chairman of the Fair Political Practices Commission.

Dan Schnur thanked the Task Force for all their work on the recommendations and stated that the purpose of this meeting is primarily one of presentation of the recommendations, and the meeting in December primarily for reaction and reconciliation. Chairman Schnur stated that he was struck by the strength of the recommendations from the team working on electronic filing and more struck by the number of other teams that thought how important electronic filing would be to California.

Chairman Schnur also felt that it was important that the Task Force weigh both objectives of simplification of the electronic filing directions and increased disclosure of information.

Bob Stern thanked members for the comprehensive memorandums submitted. Chuck Bell also commented on the great quality of the recommendations.

Electronic Filing:

LeeAnn Pelham gave a brief overview of the proposed California Electronic Filing Network.

Joe Rodota stated that electronic signatures were an important step but may take a little longer to develop. Paper copy would be accessible.

Bob Stern made a suggestion that the filing process should be half paper and half electronic to start with.

Darius asked what are the costs involved in electronic filing for the FPPC. LeeAnn Pelham stated that, at this time, we do not have a fix on the cost.

Dan Schnur thanked the Secretary of State's office for giving us input on what the obstacles would be in developing an electronic system.

David Montgomery from Netfile stated that the Secretary of State's office had provided him with an estimate of \$8 million dollars to implement the electronic filing program. He also pointed out that the method of electronic filing should be the "filing of record" for California.

Chris Reynolds from the Secretary of State's office spoke regarding the ballpark estimate given to Netfile and stated that it is just that—a ballpark estimate. He also spoke about buying a technology product and pointed out that owning the code is important when buying the product.

State/Local consistency:

Janis Hirohama stated it is important that state and local agencies work together. There should be a balance between simplification and disclosure.

Luisa Menchaca stated there should be an effort to coordinate with the Committee Classification group with respect to adjustment to local vs. state filing location issues.

Rich Schlackman and Joe Rodota made comments regarding local level disclosure. Galena West asked if there should be different levels of disclosure for state and local filers.

Mike Rotella suggested one system fits all on the State level for campaigns.

Randy Johl spoke for the City Clerks relative to the duties that would be required of the city officials and employees to implement electronic filing. Chuck Bell requested that Randy put all of her statements in writing and submit it to the Task Force and commended her for her thorough report on what problems the Cities would need to solve in order to implement electronic filing.

Robo Calls:

Gary Winuk: The first topic dealt with the disclosures that are required for phone banks. We recommend that we take a fresh look on how the regulations are written. Gary further stated that the State Public Utilities Code regulates all robo calls – recommends communication with PUC. One of our recommendations is that business robo calls and political robo calls should be separated out and have different regulations. The second level of authority is the Federal Communications Committee which regulates all robo calls including political robo calls.

Rich Schlackman stated he was not in favor of having robo call in politics. He asked what is the policy that the FPPC would have.

Slate Mailers:

Rich Schlackman and Tina Bass submitted their overview of the recommendations relative to Slate Mailers.

Rich Schlackman stated that the main issue they were concerned about was “disclaimer transparency”, making it easier for the public to determine who is getting the mailing, who sent it, and who is paying for it.

Tina Bass gave a short report stating that they also were focusing on disclaimer language, such as font size, use of an asterisk. John Marelius stated that there was a requirement that the asterisk and disclaimer be in contrasting colors. Is there any specificity as to what should be? Tina responded by saying that the current regulations do not really specify and suggested that they would add that the reason for contrasting colors is for clarity to the reader.

Dan Schnur stated that he would like some input on item no. 10 regarding a language disclaimer.

Katie Fleming from Common Cause stated that instead of using an asterisk, list the amount of money a person contributed.

Rich Schlackman was opposed to using the dollar amount.

Disclaimers:

Hyla Wagner and John Marelius gave an overview on disclaimers. John stated that every disclaimer should have the words "Paid for By". Hyla stated that radio and TV are bound by law to have the words "Paid for By" according to the FCC. Federal elections standards are a good model for us to follow.

John Marelius talked about Ballot proposition expenditure alternatives. The top 5 donors Should be listed. The FPPC Committee No: should also be a part of the disclaimer. Include a link to the committee page on the Secretary of State's web site.

Joe Rodota also pointed out that the disclaimer should indicate what action a person could take to find out who paid for the ad.

Scott Hallabrin stated that the more information you give out the less people pay attention. Just have information for the public to find answers.

Lee Ann Pelham and Katie Fleming both made comments relative to disclaimers.

Kim Alexander stated that she wanted to again point out the importance of adding a requirement to the disclosure forms to include the Secretary of States ID number so it is possible for the public to track information.

John Ferman had a question about robo calls. After a discussion participants were asked to submit their comments in writing for further consideration.

Financial Disclosure:

Scott Hallabrin went over the existing regulations relative to Conflict of Interest disclosure thresholds:

The current threshold for disclosure of business of investments is \$2000.00 or more.
The recommendations are to adjust the threshold to \$10,000.00 or more.
Also a 10% or more interest in any entity would need to be disclosed.

The current threshold for disclosure of real property investments is \$2,000.00. The recommendation is to adjust the threshold to \$10,000.00 or more.

The threshold for disclosure of sources of income should be at \$500.00.
The threshold for disclosure of gifts is \$50.00 which should stay the same.

The current gift limit threshold is 420.00. We recommend lowering the threshold To \$250.00.

We recommend that you do not have to disclose the address of your business if you run it out of your home.

Michael Martello brought up the subject of mutual funds or sector funds threshold for disclosure is \$10,000.00.

Rich Schlackman stated that the name of the mutual fund should be disclosed.

Darius Anderson asked for clarification on the issue of office rent at home and being required to list the address of the business.

Michael Martello mentioned that the trend relative to gifts among the cities is to adopt a "no gift" policy.

Revolving Door:

Emelyn Rodriguez submitted a report on the revolving door rules and stated that their goal was to simplify the rules. There should be one set of rules for local and state governments. We propose a one year state ban is applicable to all paid appearances. We also recommend repealing Section 87406.1 relative to air pollution control. Revolving door rules should be consistent with other state laws.

Araceli Ruano was not present but asked Emelyn to mention that she wanted the Task Force to consider a two year ban.

Darius Anderson suggested that a person cannot get hired by someone that they have lobbied for to get a bill passed for a two year period.

Public Comments:

Katie Fleming stated that she supports the \$50.00 threshold for disclosure, and also lowering the gift limit from \$450.00 to \$250.00.

John McGibbon, Clerk of the Board of Supervisors, recommended that the Task Force review the penalties for people who file late statements and possibly raise the fees.

Dan Schnur asked the Task Force members that are presenting their report to assume that their fellow members have read the recommendations, and asked that the comments be limited to questions of clarification, rather than approval or disapproval of the recommendations.

Fred Keeley stated that the data base system used by the State of Oregon would be a good example to follow, and his overall recommendation would be to move to a data base system. His short term recommendations would be to: (1) Simplify forms (2) Deletion of forms 495, 465 and 460, and (3) Standardize the reporting system.

Dixie Howard gave a report on a quarterly filing system. David Montgomery, campaign finance vendor, stated the Oregon system is very simplistic compared o CA reporting requirements.

Chris Reynolds, Acting Chief of the Political Reform Division of the Secretary of States Office, had concerns about changes to the forms and how much money that would cost.

Steven Massey from the San Francisco Ethics Commission stated that San Francisco could be ready to go with electronic filing immediately. People in San Francisco rarely request to see a paper copy of a filing.

Randi Johl, City Clerks Association, stated that the quarterly filing system could be a little cumbersome for local government.

John Ferman mentioned the online training system is a good idea, but he doesn't think an online system will eliminate errors and believes that errors come from the complexity of the forms.

Filing deadlines:

Galena West presented a summary of her recommendations relative to filing deadlines. She stated her committees report has two alternative proposals for the Task Force's consideration.

Alternative No. 1 creates a quarterly filing system for state filers with activity-based election cycle reporting. Candidate controlled committees and primarily-formed committees would be the only committees that would file quarterly with a mandatory second pre-election statement. For general purpose committees, the pre-election statements would be activity based.

Alternative No. 2 relates to Candidate- Controlled Committees, Primarily-Formed Committees, and Political Parties – State Filers, and how they should file their forms.

Gary Winuk spoke on the issue of Committee Termination. Gary recommends that the FPPC, with notice, be allowed to terminate committees.

Hyla Wagner spoke on the issue of Committee Classification and suggested that General Purpose committees should have all major donors file on line.

Campaign Finance Thresholds:

Darius Anderson and Trish Mayer are the committee members. Darius reported that their main objective is to make filing easier. Trish Mayer recommended an increase for most all committee thresholds.

Darius Anderson proposed requiring bundling reporting for all candidates and officeholders when an individual delivers more than five contributions of any amount to the candidate or officeholder at one time. The reporting would mirror the current intermediary reporting.

Galena West questioned whether the bundling process originally been amended out of the act.

Kim Alexander, California Voters Association, suggested an amendment stating that contributions over \$100 should be itemized. This would eliminate the burden of itemizing contributions.

John Ferman stated that he objected to reducing the thresholds for electronic filing. He also asked for a definition of bundling.

Deana Reader is opposed to raising threshold for local government reporting.

Katie Fleming, Common Cause, strongly object to raising certain state contribution levels.

Randi Johl stressed of the importance of researching the bundling issue.

LeeAnn Pelham spoke on state contribution levels.

Dan Schnur – questioned whether it make sense to set two different thresholds in any number of these areas.

Expenditure Reporting:

Luisa Menchaca gave a brief overview of the following topics:

1. Consider adjustment of regular expenditure disclosure thresholds (e.g. room \$100 to \$200; more than \$200.
2. Consider inclusion of date of expenditure on reports and review with reports simplification group.
3. Consider raising disclosure threshold for media purchases or itemization requirement for media station/outlet disclosures.
4. Consider raising sub-vendor disclosure threshold for petition circulator's and GOTV programs' disclosure of indirect circulator or GHTV worker' payments.

Chuck Bell asked if there were any general public comments from Sacramento or Los Angeles.

John Ferman stated the goal should be to reduce the burden of filers.

The meeting adjourned at 4:25 pm.